

CLASSIFICATION
Approved For Release 1999/09/09 : CIA-RDP82-00457R00270001-2
CENTRAL INTELLIGENCE AGENCY

25X1A2g

REPORT NO.

INFORMATION REPORT

CD NO.

COUNTRY Austria/USSR

SUBJECT Soviet Investments in Erste Oesterreichische
Maschinglasindustrie, Brunn a. G. Gorge

PLACE 25X1A6a

ACQUIRED

DATE DISTR. 28 Apr 1949

NO. OF PAGES

25X1A2g

NO. OF ENCLS.
(LISTED BELOW)

25X1A2g

SUPPLEMENT TO
REPORT NO.

DATE OF INFO. 15 February 1949

25X1X6

This document is hereby regraded to
CONFIDENTIAL in accordance with the
letter of 16 October 1978 from the
Director of Central Intelligence to the
Archivist of the United States.
Next Review Date: 2008

1. Since 1946, USIA has invested approximately 722,500 schillings in the Erste Oesterreichische Maschinglasindustrie, Brunn a. Geb., Lower Austria. These funds, most of which covered costs of repairs of war damage to real estate and equipment, were received through USIA from the Soviet Military Bank. No collateral for the 722,500 schillings loan was demanded by the Military Bank other than an assurance that the money would be paid back with interest out of current production. (Comment: The question of collateral would be unimportant if the Soviets were to retain the Maschinglasindustrie, after the signing of a state treaty. In this event, the assets of the factory would be USIA property and would be returned to the Military Bank, or its successor.) (Comment: Paragraph 4, this source reported that the Erste Oesterreichische Maschinglasindustrie was one of the firms controlled by USIA's Construction and Building Administration which the Soviets plan to retain in the event that agreement on a state treaty for Austria can be reached.)

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Reconstruction of buildings, which cost approximately 420,000 schillings, was done by the Soviet-controlled construction firms Philip Holzmann and Negrelli, but mechanical repairs to equipment were made by Maschinglasindustrie itself. These repairs amounted to 235,000 schillings and included repair of window-drawing frames, drawing ovens, hardening ovens, water supply systems, and the water tower. Work still to be done includes repairs on the glass cutting plant, estimated by Philip Holzmann at approximately 300,000 schillings, and cleaning of a clogged deep well estimated at an additional 80,000 schillings.

The Soviets dismantled and removed relatively little equipment from the factory during 1945 and 1946, and that which was removed consisted almost entirely of small electric motors and hand tools. New equipment received by the Erste Oesterreichische Maschinglasindustrie since the end of the war consisted of a crane, narrow gauge railway tracks, hand tools, and cutting machinery, with a total value of 67,500 schillings.

4. It is believed that the greater part of raw materials used by the firm is obtained from Saxony in the Soviet-occupied zone of Germany.

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